

**Byte Power Group Limited
(ACN 009 268 571)
and Controlled Entities**

COMMENTARY ON RESULTS

Your Directors submit the preliminary final report for Byte Power Group Limited (“the company”) and the entities it controlled at the end of, or during, the year ended 30 June 2009.

Directors

The names of the Directors of the company during the year and at the date of this report are:

Glenn Ferguson
Alvin Phua
Raphael Tham
Michael Walsh

Review of Operations

Summary

Group performance has been affected by the poor global economic conditions. Previous discussions with some Australian groups for our software and IT trading business have been delayed to the new financial year. Limited working capital has affected the growth of the operation in Chongqing. As such, 2009 was a difficult year. However, with the improving global conditions, the Group is cautiously optimistic for the coming year.

Revenues from ordinary activities in the financial year ending June 2009 were \$0.833 million compared to \$1.652 million in the financial year ending June 2008 as some local projects were delayed.

The net loss for the year was \$1.955 million compared to \$2.072 million in the 2007 – 2008 year. The EBITDA loss for the year was \$1.175 million compared with \$1.260 million in 2007 – 2008.

Under the tight economic conditions, the company has managed to raise \$1.06 million in the form of placements and converting loans during the year. A further \$0.858 million has been raised in the month of July 2009 by means of converting loans. These loans will be converted to ordinary shares at 0.5 cents per share if approved by shareholders at the upcoming AGM.

A \$2.0 million convertible note has been acquired by related parties of the management. The Directors anticipate that these convertible notes, and associated interest of approximately \$0.271 million, will be converted to equity. With the conversion of these convertible notes as well as the two converting loans totalling \$0.858 million, the Group’s current liabilities will be significantly reduced by \$3.129 million.

On the business development front, we continue to actively seek new opportunities which are strategic to the Group’s activities both in Australia and overseas.

Comments on the Group's operations and results

Detailed results are as follows:

| Year ended 30 June 2009 | 2009 \$'000 | 2008 \$'000 | % change |
|---|----------------|----------------|-------------|
| Revenue from ordinary activities | 833 | 1,652 | (50%) |
| EBITDA | (1,175) | (1,260) | 7% |
| Depreciation/Amortisation | <u>(98)</u> | <u>(26)</u> | (277%) |
| EBIT | (1,273) | (1,286) | 1% |
| Financial costs | <u>(681)</u> | <u>(786)</u> | 13% |
| Operating profit/(loss) before income tax | (1,955) | (2,072) | 6% |
| Income tax expense | <u>-</u> | <u>-</u> | |
| Net profit/(loss) | <u>(1,955)</u> | <u>(2,072)</u> | 6% |

Business Unit Results are set out below:

| Business Unit: | Revenues | | Results | |
|---------------------------------|----------------|----------------|----------------|----------------|
| | 2009 \$'000 | 2008 \$'000 | 2009 \$'000 | 2008 \$'000 |
| Byte Power Group Limited | 4 | 64 | (1,651) | (1,986) |
| Byte Power Pty Ltd | 278 | 1,005 | 68 | (24) |
| Byte Power Technologies Pty Ltd | 15 | 41 | (101) | (120) |
| Power Tech Systems Pty Ltd | 422 | 542 | 41 | 207 |
| Other | <u>114</u> | <u>-</u> | <u>(312)</u> | <u>(149)</u> |
| | 833 | 1,652 | (1,955) | (2,072) |
| Tax expense | | | - | - |
| Net loss after tax | | | <u>(1,955)</u> | <u>(2,072)</u> |

Outlook

Despite the economic climate the Group has continued to sustain its market presence in the UPS segment and continues to seek new opportunities beyond the maintenance and service business both locally and overseas.

In China, interest continues to be shown in the Chongqing e-Kiosk project by potential partners and other locations within China. Development of the solution continues with opportunities of providing the technology to a large organization in Australia is imminent.

Towards the end of the period, Byte Power was able to restart the IT trading business. Trading had been a key revenue generator for the business prior to 2003 when it was shut down due to the lack of opportunities. Recent changes in Hong Kong and China have provided the opportunity to recommence IT trading and Byte Power hopes to be able to leverage on its strong relationships with a major global IT vendor to commence these opportunities.

The Board remains committed to the Group's long term strategic growth. Despite the current year performance, the recent acquisition of the convertible note by the related parties and additional fund raising, signifies the confidence and commitment of the management and the shareholders of the company.

We look forward to continuing growth in our core activities and projects whilst exploring new initiatives. The company looks forward to the continuing support of investors and shareholders to achieve its goals for the next year.

This report is made in accordance with a resolution of the Directors.



Alvin Phua
CEO
Brisbane, 31 August 2009

Appendix 4E

Preliminary Final Report

1. Company details

Name of entity

| |
|--------------------------|
| BYTE POWER GROUP LIMITED |
|--------------------------|

ABN or equivalent company reference

80 009 268 571

Full year ended ('current period')

30 June 2009

Full year ended ('previous period')

30 June 2008

2. Results for announcement to the market

Extracts from this report for announcement to the market (see note 1).

| | | | | | Current period \$A'000 |
|--|---|---------------------|--------|-----------------------------|---------------------------|
| 2.1 | Revenues from ordinary activities | up/(down) | (50) % | to | 833 |
| 2.2 | Profit (loss) from ordinary activities after tax attributable to members | Improvement | 6 % | to | (1,955) |
| 2.3 | Net profit (loss) for the year attributable to members | Improvement | 6 % | to | (1,955) |
| 2.4 | Dividends (distributions) | Amount per security | | Franked amount per security | |
| | Interim dividend declared | Nil ¢ | | Nil ¢ | |
| The Directors do not propose to pay any dividend for the year. | | | | | |
| 2.5 | Record date for determining entitlements to the dividend | Not applicable | | | |
| 2.6 | Brief explanation of any figures in 2.1 to 2.4 necessary to enable the figures to be understood | | | | |

3. NTA backing

| | Current period - A cents | Previous corresponding period - A cents | |
|-----|---|---|--------------|
| 3.1 | Net tangible asset backing per ordinary security | (1.54) cents | (1.38) cents |
| 3.2 | Brief explanation of any figures necessary to enable the figures to be understood | | |

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4 Changes in group structure

| | |
|--|----------------|
| 4.1 Control gained over entities | |
| Name of entity (or group of entities) | Not applicable |
| Date control gained | Not applicable |
| Contribution of such entities to the reporting entity's profit (loss) from ordinary activities during the period (where material). | Not applicable |
| Profit / (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period. | Not applicable |

| | |
|---|----------------|
| 4.2 Loss of control of entities | |
| Name of entity (or group of entities) | Not applicable |
| Date control lost | Not applicable |
| Contribution of such entities to the reporting entity's profit / (loss) from ordinary activities during the period (where material). | Not applicable |
| Consolidated profit / (loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material). | Not applicable |

5. Dividends

| | | | | |
|---------------------------------------|--------------------------|---------------------|--|--|
| 5.1 Individual dividends per security | | | | |
| | Date dividend is payable | Amount per Security | Franked amount per security at 30% tax | Amount per security of foreign source dividend |
| Interim dividend: | | | | |
| Current year | Not applicable | Nil ¢ | Nil ¢ | Nil ¢ |
| Previous year | Not applicable | Nil ¢ | Nil ¢ | Nil ¢ |

6. Dividend reinvestment plans

| | |
|--|----------------|
| 6.1 The dividend or distribution reinvestment plans shown below are in operation. | |
| Not applicable | |
| The last date for receipt of election notices for the dividend or distribution plans | Not applicable |

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7. Details of associates and joint venture entities

| Name of Entity | Entity's percentage holding in each of these entities | | Entity's investment in each of these entities | |
|---|---|---------------------------------|---|---|
| | Current Period % | Previous Corresponding Period % | Current Period \$A'000 | Previous Corresponding Period \$A'000 |
| Not applicable | | | | |
| Groups' aggregate share of associates' and joint venture entities' profits / (losses) (where material). | | | Current Period \$A'000 | Previous corresponding period - \$A'000 |
| Profit (loss) from ordinary activities before tax | | | - | - |
| Income tax on ordinary activities | | | - | - |
| Net profit (loss) | | | - | - |
| Adjustments | | | - | - |
| Share of net profit (loss) of associates and joint venture entities. | | | - | - |

8. Foreign entities

| |
|---|
| For foreign entities, details of origin of accounting standards used in compiling the report (e.g. International etc.) |
| The preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A, the disclosure requirements of ASX Appendix 4E Australian Accounting Standards, Australian Accounting Interpretations and the Corporations Act 2001. |

If accounts are subject to audit dispute or qualification, details are described below.

The consolidated entity's financial report for the year ended 30 June 2009 is in the process of being audited.

The Directors anticipate that the audit report on the consolidated entity's financial report will contain a qualification relating to the preparation of the financial report on a going concern basis.

Sign here:


.....
(Company Secretary)

Ethel Lau

Date:

31-Aug-09

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BYTE POWER GROUP LIMITED

ABN 80 009 268 571

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

| | Note | FULL-YEAR | |
|---|------|-----------------------|-----------------------|
| | | 2009 A\$'000 | 2008 A\$'000 |
| Revenues from continuing operations | 2 | <u>833</u> | <u>1,652</u> |
| Changes in inventories of finished goods and work in progress | | (96) | (26) |
| Raw materials and consumables used | | (155) | (823) |
| Depreciation and amortisation expenses | | (98) | (26) |
| Finance costs | | (681) | (786) |
| Salaries and employee benefits expenses | | (865) | (967) |
| Directors' fees | | (133) | (150) |
| Rent and outgoings | | (178) | (226) |
| Travel, accommodation and entertainment | | (177) | (294) |
| Consultants / professional fees | | (182) | (152) |
| Other expenses | | <u>(223)</u> | <u>(274)</u> |
| (Loss) before income tax | 2 | (1,955) | (2,072) |
| Income tax expense/(benefit) | 4 | <u>-</u> | <u>-</u> |
| Net profit / (loss) | | <u>(1,955)</u> | <u>(2,072)</u> |
| Basic earnings per share (cents per share) | 6 | (0.45) | (0.58) |
| Diluted earnings per share (cents per share) | 6 | (0.45) | (0.58) |

The above consolidated income statement should be read in conjunction with the accompanying notes.

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BYTE POWER GROUP LIMITED

ABN 80 009 268 571

**CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2009**

| | Note | 30 JUNE 2009 A\$'000 | 30 JUNE 2008 A\$'000 |
|--------------------------------------|------|-------------------------|-------------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 9 | 16 | 240 |
| Receivables | | 164 | 124 |
| Inventories | | 141 | 237 |
| Other | | 34 | 23 |
| TOTAL CURRENT ASSETS | | 355 | 624 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 922 | 985 |
| Other | | 15 | 25 |
| TOTAL NON-CURRENT ASSETS | | 937 | 1,010 |
| TOTAL ASSETS | | 1,292 | 1,634 |
| CURRENT LIABILITIES | | | |
| Payables | 10 | 3,285 | 2,452 |
| Interest bearing liabilities | | 8 | 75 |
| Convertible notes / loans | 11 | 2,466 | 2,000 |
| Provisions | | 155 | 151 |
| Other | | - | 15 |
| TOTAL CURRENT LIABILITIES | | 5,914 | 4,693 |
| NON-CURRENT LIABILITIES | | | |
| Interest bearing liabilities | | 1,994 | 2,156 |
| Long term liabilities | | 68 | 68 |
| TOTAL NON-CURRENT LIABILITIES | | 2,062 | 2,224 |
| TOTAL LIABILITIES | | 7,976 | 6,917 |
| NET ASSETS | | (6,684) | (5,283) |
| EQUITY | | | |
| Contributed equity | 12 | 46,289 | 45,735 |
| Accumulated losses | 3 | (52,973) | (51,018) |
| TOTAL EQUITY | | (6,684) | (5,283) |

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

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BYTE POWER GROUP LIMITED

ABN 80 009 268 571

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009**

| | Note | FULL-YEAR | |
|---|------|-----------------|-----------------|
| | | 2009 A\$'000 | 2008 A\$'000 |
| Total equity at the beginning of the financial year | | (5,283) | (5,011) |
| Net profit / (loss) | | (1,955) | (2,072) |
| Transactions with equity holders in their capacity as equity holders: | | | |
| Issue of share capital | 12 | 594 | 1,815 |
| Cost of issue | 12 | (40) | (15) |
| Contributions of equity, net of transaction costs | | 554 | 1,800 |
| Total equity at the end of the financial year | | (6,684) | (5,283) |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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BYTE POWER GROUP LIMITED

ABN 80 009 268 571

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

| | Note | FULL-YEAR | |
|--|------|-----------------|-----------------|
| | | 2009 A\$'000 | 2008 A\$'000 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 885 | 1,794 |
| Payments to suppliers and employees | | (1,787) | (2,053) |
| Interest received | | 3 | 8 |
| Interest and other costs of finance paid | | (81) | (443) |
| | | <hr/> | <hr/> |
| Net cash provided by/(used in) operating activities | | (980) | (694) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Payment for property, plant and equipment | | (35) | (419) |
| Proceeds from sale of property plant & equipment | | - | 16 |
| | | <hr/> | <hr/> |
| Net cash provided by/(used in) investing activities | | (35) | (403) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Proceeds from issues of securities (shares, option etc.) | | 594 | 1,025 |
| Share issue costs | | (40) | (15) |
| Proceeds from borrowings | | 304 | (48) |
| Payment for lease liabilities | | (17) | (16) |
| Proceeds from borrowings | | (50) | 287 |
| | | <hr/> | <hr/> |
| Net cash provided by/(used in) financing activities | | 791 | 1,233 |
| Net increase/(decrease) in cash held | | (224) | 136 |
| Cash at beginning of year | | 240 | 104 |
| | | <hr/> | <hr/> |
| Cash at end of year | 9 | 16 | 240 |

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

BYTE POWER GROUP LIMITED

ABN 80 009 268 571

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: BASIS OF PREPARATION

The preliminary final report has been prepared in accordance with ASX listing rules, the disclosure requirements of ASX Appendix 4E, Australian Accounting Standards, Australian Accounting Interpretations and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The preliminary final report does not include all the notes of the type normally included in an annual report and should be read in conjunction with the annual report for Byte Power Group Limited for the financial year ended 30 June 2008, the December 2008 half-year report and any public announcements made by Byte Power Group Limited and its controlled entities during the year ended 30 June 2009 in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange.

The accounting policies and methods of computation adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in Byte Power Group Limited's annual report for the year ended 30 June 2008. Where appropriate, comparative information is reclassified to enhance comparability.

The preliminary final report was authorised for issue by the Directors on 31 August 2009.

Going Concern

The preliminary final report has been prepared on a going concern basis, which contemplates the continuity of normal business activities and realisation of assets and discharge of liabilities in the ordinary course of business.

The consolidated entity has incurred a loss from continuing operations after tax of \$1,954,326 (2008: \$2,072,082) for the year ended 30 June 2009. The consolidated entity was also in a net current liability position of \$5,559,021 (2008: \$4,069,281) as at 30 June 2009. There are also significant non-current liabilities.

Given the consolidated entity's net current liability position, the ability of the consolidated entity to continue as a going concern, including Byte Power Group Limited's ability to pay its debts as and when they fall due needs to be considered. The continuation of the consolidated entity as a going concern is dependent upon its ability to achieve the following:

- the continued support of major creditors;
- obtaining an overdraft or working capital facility in the short term to assist the consolidated entity to continue to pay its debts on a timely basis;
- obtaining additional equity in the form of capital raising or long term debt to enable the consolidated entity to fund working cash flow requirements; and
- the generation of future profits by the major underlying businesses.

It is on the basis of the consolidated entity's ability to secure the above arrangements, facilities and the generation of future profits, that the Directors have prepared the financial report on a going concern basis. In the event that the above arrangements and facilities are not entered into, there is significant uncertainty as to whether the consolidated entity will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. The preliminary final report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

BYTE POWER GROUP LIMITED

ABN 80 009 268 571

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)****NOTE 2: REVENUES AND EXPENSES**

| | 2009 \$A'000 | 2008 \$A'000 |
|---|-------------------------|-------------------------|
| Revenue streams: | | |
| Sales | 415 | 1,047 |
| Service | 395 | 545 |
| Interest | 3 | 8 |
| Other relevant revenue | 19 | 52 |
| Revenue from ordinary activities | 833 | 1,652 |
| Expenses from: | | |
| UPS activities | 354 | 320 |
| Technologies activities | 103 | 161 |
| IT&T activities | 194 | 1,026 |
| Corporate activities | 1,030 | 1,283 |
| Other activities | 426 | 148 |
| Expenses from ordinary activities | 2,107 | 2,938 |
| Finance costs | 681 | 786 |
| Profit / (loss) before income tax | (1,955) | (2,072) |
| Profit / (loss) before income tax includes the following specific net gains and expenses: | | |
| (Profit) or loss on disposal of non-current assets | - | (5) |
| Amortisation | 1 | 2 |
| Depreciation | 97 | 24 |

NOTE 3: ACCUMULATED LOSSES

| | 2009 \$A'000 | 2008 \$A'000 |
|--|-------------------------|-------------------------|
| Accumulated losses at beginning of financial year | (51,018) | (48,946) |
| Net profit / (loss) | (1,955) | (2,072) |
| Accumulated losses at end of financial year | (52,973) | (51,018) |

NOTE 4: INCOME TAX

The consolidated entity incurred a taxable loss for the financial year and is also in a income and capital tax loss carried forward position. As such, there has been no deferred tax assets recognised.

NOTE 5: DIVIDENDS

The company does not have any dividend or distribution reinvestment plans in operation. The Directors do not propose to pay any dividends for the year.

BYTE POWER GROUP LIMITED

ABN 80 009 268 571

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)****NOTE 6: EARNINGS PER SHARE**

| | 2009 | 2008 |
|---|-------------|-------------|
| Weighted average number of ordinary shares outstanding during the year used in the calculation of: | 433,668,111 | 358,609,896 |
| (a) Basic EPS - cents per share | (0.45) | (0.58) |
| (b) Diluted EPS - cents per share | (0.45) | (0.58) |

NOTE 7: NET TANGIBLE ASSETS

| | 2009 \$A'000 | 2008 \$A'000 |
|-------------------------------|-----------------|-----------------|
| Net assets | (6,684) | (5,283) |
| Intangible assets | - | - |
| Net tangible assets | (6,684) | (5,283) |
| Number of shares on issue | 433,668,111 | 384,126,442 |
| NTA backing - cents per share | (1.54) | (1.38) |

NOTE 8: SEGMENT RESULTS

| | IT&T | | Power Management | |
|----------------|---------------------|---------|-------------------------|---------|
| | 2009 | 2008 | 2009 | 2008 |
| | \$A'000 | \$A'000 | \$A'000 | \$A'000 |
| Revenue | 278 | 1,005 | 422 | 542 |
| Result | 68 | (24) | 41 | 207 |
| | Technologies | | Corporate | |
| | 2009 | 2008 | 2009 | 2008 |
| | \$A'000 | \$A'000 | \$A'000 | \$A'000 |
| Revenue | 15 | 41 | 4 | 64 |
| Result | (101) | (120) | (1,651) | (1,986) |
| | Unallocated | | Consolidated | |
| | 2009 | 2008 | 2009 | 2008 |
| | \$A'000 | \$A'000 | \$A'000 | \$A'000 |
| Revenue | 114 | - | 833 | 1,652 |
| Result | (312) | (149) | (1,955) | (2,072) |

BYTE POWER GROUP LIMITED

ABN 80 009 268 571

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)****NOTE 9: RECONCILIATION OF CASH**

Reconciliation of cash at the end of the year (as shown in the consolidated cash flow statement) to the related items in the accounts is as follows :

Cash on hand and at bank

Bank overdraft

Deposits at call

Total cash at end of financial year

| 2009 \$A'000 | 2008 \$A'000 |
|-----------------|-----------------|
| 16 | 240 |
| - | - |
| - | - |
| 16 | 240 |

NOTE 10: PAYABLES

Trade creditors

Other creditors and accruals

| 2009 \$A'000 | 2008 \$A'000 |
|-----------------|-----------------|
| 806 | 1,044 |
| 2,479 | 1,408 |
| 3,285 | 2,452 |

NOTE 11: CONVERTIBLE NOTES / LOANS

Convertible notes / loans includes convertible notes totalling \$2,000,000. These convertible notes have been acquired by interests associated with the consolidated entity's Company Secretary. The Directors anticipate that these convertible notes, and associated interest of approximately \$271,000, will be converted to equity.

NOTE 12: SHARE CAPITAL

Issued and paid up capital

| 2009 \$A'000 | 2008 \$A'000 |
|-----------------|-----------------|
| 46,289 | 45,735 |

Movement in share capital during the year

Opening balance

Shares issued

Share issue costs

| Number | | \$A'000 | |
|--------------------|--------------------|---------------|---------------|
| 2009 | 2008 | 2009 | 2008 |
| 384,126,442 | 329,195,015 | 45,735 | 43,935 |
| 49,541,669 | 54,931,427 | 594 | 1,815 |
| - | - | (40) | (15) |
| 433,668,111 | 384,126,442 | 46,289 | 45,735 |

NOTE 13: EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the end of the financial year the company has received funding in the amount of \$857,518 by means of converting loans. These loans are convertible to ordinary shares at 0.5 cents per share.

No other matter or circumstance have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.